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Japan

Sugar

Annual Report

2005

Approved by:

Richard Battaglia
U. S. Embassy

Prepared by:

Tetsuo Hamamoto

Report Highlights:

Domestic sugar production is forecast at 921,000 tons in 2004/2005, up from 896,000 tons the year before. Imports are expected to remain relatively unchanged. Total demand for sugar in 2004/2005 is forecast to be 2.263 million tons. Sugar demand remains almost at the same level in the last several years (2.300 million tons in 1999). Retail sugar prices have increased around 10 % during the past year because of increase of contribution to the government guaranteed price system from the sugar refinery industry.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tokyo [JA1]
[JA]

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Summary of Situation

The Ministry of Agriculture, Forestry and Fisheries (MAFF) estimates centrifugal sugar production for the October-September Marketing Year (MY) 2004/2005 at 921,000 tons, almost the same level as the year before. The production of beet sugar is expected to be higher due to favorable weather conditions. Cane sugar production is expected to decrease slightly to 134,000 tons, due to a hit of a series of typhoons in the producing area. Japan's sugar consumption is forecast to increase slightly in 2004/2005 to 2.263 million tons, compared to the previous years' level (2.237 million tons).

Sugar demand declined almost 10 % between 1991 and 1999 (2.611 million tons and 2.300 in 1991 and 1999, respectively), partly due to consumers' preference for "non-sugar" or "less sugar" products as well as the increasing availability of sugar substitutes such as sorbitol. Sorbitol preparation imports increased significantly during the same period (13,651 tons and 128,387 tons in 1991 and 1999, respectively), which mirror the decrease in sugar demand for the same period. Since 2000, sugar demand has remained steady at 2.300 to 2.263 million tons. During the same period, total sorbitol preparation (HS2106.510) and other preparation (HS2106.590) have remained around 125,000 tons.

The Japanese Government abolished the 10 yen per kilogram tariff on raw sugar in April 2000. To protect the sugar producers, MAFF, through the Agriculture and Livestock Industries Promotion Corporation (ALIC), subsidizes domestic production through a generous price support system. Each year, ALIC sets a guaranteed price for domestic beet and cane producers. ALIC then sets a price at which it will buy raw sugar from refiners that will allow the refiners to pay the guaranteed price for beets and cane. MAFF purchases sugar at the set price, then resells the sugar to the refiners at a lower price, which is roughly equivalent to the import price.

In 2004, MAFF increased the sugar refinery industry contribution to the guaranteed price support system by 10 yen per kilogram of imported raw sugar. The industry's total increase of contribution would amount to 200 billion yen (2 billion USD at a rate of 100 yen per 1 USD). Although the consolidation and restructuring of the sugar refinery industry is on going, such as recent (2001) merger of two major refinery companies; Mitsui Sugar Refinery and Shin Meitou Sugar Refinery, and closure of a number of plants in the past couple of years, the refinery industry had to increase the refined sugar price from 122 yen/kg in September 2004 to 134 yen/kg in December 2005.

Statistical Tables

PSD Table – Centrifugal Sugar

Commodity	Sugar, Centrifugal				(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Beginning Stocks	359	359	387	354	399	423	(1000 MT)
Beet Sugar Production	741	743	700	787	0	750	(1000 MT)
Cane Sugar Production	147	153	150	134	0	140	(1000 MT)
TOTAL Sugar Production	888	896	850	921	0	890	(1000 MT)
Raw Imports	1440	1362	1460	1429	0	1400	(1000 MT)
Refined Imp.(Raw Val)	2	2	2	2	0	2	(1000 MT)
TOTAL Imports	1442	1364	1462	1431	0	1402	(1000 MT)
TOTAL SUPPLY	2689	2619	2699	2706	399	2715	(1000 MT)
Raw Exports	0	0	0	0	0	0	(1000 MT)
Refined Exp.(Raw Val)	10	18	10	10	0	10	(1000 MT)
TOTAL EXPORTS	10	18	10	10	0	10	(1000 MT)
Human Dom. Consumption	2292	2237	2290	2263	0	2250	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	2292	2247	2290	2273	0	2260	(1000 MT)
Ending Stocks	387	354	399	423	0	445	(1000 MT)
TOTAL DISTRIBUTION	2689	2619	2699	2706	0	2715	(1000 MT)

PSD Table – Sugar Beets

PSD Table							
Country	Japan						
Commodity	Sugar Beets				(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Planted	66	68	68	68	0	68	(1000 HA)
Area Harvested	66	68	68	68	0	68	(1000 HA)
Production	3700	4161	3800	4656	0	4200	(1000 MT)
TOTAL SUPPLY	3700	4161	3800	4656	0	4200	(1000 MT)
Utilization for Sugar	3700	4161	3800	4656	0	4200	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	3700	4161	3800	4656	0	4200	(1000 MT)

PSD Table – Sugar Cane for Centrifugal

PSD Table							
Country	Japan						
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Planted	31	31	31	31	0	31	(1000 HA)
Area Harvested	24	24	24	24	0	24	(1000 HA)
Production	1385	1388	1350	1350	0	1350	(1000 MT)
TOTAL SUPPLY	1385	1388	1350	1350	0	1350	(1000 MT)
Utilization for Sugar	1385	1388	1350	1350	0	1350	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	1385	1388	1350	1350	0	1350	(1000 MT)

Import Trade Matrix – Centrifugal Sugar

Import Trade Matrix			
Country	Japan		
Commodity	Sugar, Centrifugal		
Time Period	CY	Units:	1000MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Australia	634	Thailand	707
Thailand	557	Australia	465
South Africa	163	South Africa	177
Fiji	54	Fiji	23
Brazil	34	Philippines	13
Costa Rica	18		
Total for Others	1460		1385
Others not Listed			1
Grand Total	1460		1386

Prices Table – Centrifugal Sugar

Country	Japan		
Commodity	Sugar, Centrifugal		
Prices in	yen	per uom	kg
Year	2003	2004	% Change
Jan	124	127	2%
Feb	124	127	2%
Mar	124	127	2%
Apr	124	128	3%
May	124	130	5%
Jun	123	130	6%
Jul	122	130	7%
Aug	122	132	8%
Sep	122	132	8%
Oct	127	133	5%
Nov	127	133	5%
Dec	127	134	6%
Exchange Rate	111	Local Currency/US \$	
Date of Quote	9/30/2004	MM/DD/YYYY	